

Request for Information

Specialty Pharmacy Utilization and Cost Management

Issued by:

The State of Wisconsin
Department of Health Services
Division of Health Care Access and Accountability

BACKGROUND

Specialty drugs are generally considered high-cost injectible, infused, oral, or inhaled drugs that require special handling, enhanced patient monitoring, and additional professional support for administration and ongoing therapy. Many specialty drug products treat chronic conditions. These drugs are often derived from recombinant DNA or otherwise classified as biotech medications. Specialty drug products are often from the following therapeutic categories or used to treat the following conditions¹: hemophilia blood factors, anticoagulants, antivirals, cancer, growth hormone, hematopoietic, multiple sclerosis (MS), and rheumatoid arthritis. In addition, drugs that are classified with an orphan status (those that are developed specifically to treat a rare medical condition) are also considered to be specialty medications.

Specialty pharmacy is a continually increasing cost for Medicaid agencies and other health care payers. Factors contributing to the growth in specialty pharmacy include:

- Approval of new specialty medications;
- Additional indications for existing drugs; and
- Increasing number of patients diagnosed and seeking treatment.

Industry approaches to address specialty cost and utilization management have included the acquisition of specialty pharmacy companies, restrictive contracting to achieve concentrated buying power, and the development of cost and utilization management strategies.

CY 2009 SPECIALTY UTILIZATION AND COST

The Division of Health Care Access and Accountability (DHCAA) in the Wisconsin Department of Health Services (the Department or DHS) administers the ForwardHealth programs, including

¹ List is not exhaustive.

Wisconsin Medicaid, BadgerCare Plus, and SeniorCare², which pay for health care services for eligible low-income families, elderly, and disabled residents of the State.

An examination of twelve months of outpatient pharmacy claims data, limited to drugs appearing on the ForwardHealth specialty drug list (excluding Synagis), from calendar year 2009 shows that total specialty pharmacy spend was approximately \$81 million representing almost 45,000 claims and nearly 25% of the total ForwardHealth pharmacy spend. The average per claim cost was \$1,816. The top 20 drugs by paid claim accounted for approximately 65% of the dollars spent and represent 62% of the claims. This also represents 8,635 patients or less than 1% of total ForwardHealth population, with an average claims cost of \$9,408 per member. The ForwardHealth specialty drug list can be found on the ForwardHealth pharmacy page, <https://www.forwardhealth.wi.gov/WIPortal/Tab/42/icscontent/provider/medicaid/pharmacy/resources.htm.spage>

Forward Health Spending By Class of Drug - CY 2009					
	Total Paid	Claims	% Dollars	% Claims	Average Per Claim
Hemophilia	\$ 12,905,963	541	15.9%	1.2%	\$ 23,856
Biologic Response Modifiers	\$ 10,191,870	5,786	12.5%	12.9%	\$ 1,761
Multiple Sclerosis	\$ 8,655,167	3,555	10.7%	7.9%	\$ 2,435
Anticoagulants	\$ 6,586,546	7,367	8.1%	16.5%	\$ 894
Growth Hormone	\$ 4,024,793	2,404	5.0%	5.4%	\$ 1,674
Viral Hepatitis	\$ 2,621,982	1,673	3.2%	3.7%	\$ 1,567
Immunoglobulins	\$ 1,787,819	495	2.2%	1.1%	\$ 3,612
Other	\$ 34,463,828	22,906	42.4%	51.2%	\$ 1,505
Totals	\$ 81,237,967	44,727	100.0%	100.0%	\$ 1,816

² In the remainder of this paper, ForwardHealth shall be used to refer to Wisconsin Medicaid, BadgerCare Plus, and SeniorCare collectively.

Specialty Drug Spending – Over \$1 Million per Drug

	Dollars	% Specialty Spend	Claims	% Claims
Top 22 Specialty Drugs	\$ 51,517,244	63.4%	26,162	58.5%

Top 22 Drugs, listed in order of Paid Amount

Brand Name	Class	Claim Paid Amount	Claim Count
HUMIRA	Biologic Response Modifiers	\$5,652,481	3,082
LOVENOX	Anticoagulants	\$5,615,614	6,421
ENBREL	Biologic Response Modifiers	\$4,448,428	2,629
HELIXATE FS	Hemophilia	\$4,068,151	211
NOVOSEVEN RT	Hemophilia	\$3,695,983	67
COPAXONE	Multiple Sclerosis	\$3,604,322	1,430
REVLIMID	Oral Oncology	\$2,457,076	379
GLEEVEC	Oral Oncology	\$2,283,533	661
REMODULIN	Pulmonary Arterial Hypertension	\$2,047,673	126
AVONEX	Multiple Sclerosis	\$1,794,324	752
REBIF	Multiple Sclerosis	\$1,694,754	737
NUTROPIN AQ	Growth Hormone	\$1,658,097	809
XOLAIR	Asthma	\$1,592,380	736
BETASERON	Multiple Sclerosis	\$1,468,139	597
GENOTROPIN	Growth Hormone	\$1,427,504	1,031
TRACLEER	Pulmonary Arterial Hypertension	\$1,313,630	272
KOGENATE FS	Hemophilia	\$1,306,108	81
PROGRAF	Immunosuppressant	\$1,287,839	2,900
REVATIO	Pulmonary Arterial Hypertension	\$1,044,641	769
ACTHAR H.P.	Miscellaneous	\$1,027,190	26
CELLCEPT	Immunosuppressant	\$1,015,814	1,924
PEGASYS	Viral Hepatitis	\$1,013,561	522

PURPOSE OF REQUEST

DHCAA is interested in learning more about innovative approaches and options for management of specialty pharmacy utilization that preserve access and quality of care.

DHCAA will make available to vendors willing to sign a Data Use Agreement (DUA) with the Department three years of specialty drug claim data for ForwardHealth programs. The data will be provided via FTP or on CD. FTP is the Department's preferred mode of transmission. The claims extract includes both outpatient pharmacy and medical claims data and is for dates of service between November 1, 2008 and January 31, 2012. The claims file layout (Appendix A) follows this Request for Information (RFI). Recommended approaches and options for specialty drug management should be based on an analysis of the program's data.

DHCAA is looking for solutions for outpatient drugs; Wisconsin is moving to an Enhanced Ambulatory Patient Groupings (EAPG) system for hospital pricing, which will allow greater transparency of drugs provided in hospitals. At this time, DHCAA is not interested in pursuing a sole-source specialty pharmacy option. In addition, federal Medicaid law and policy constrain options for increased patient cost sharing and other management options often used by private payers. Responses to this RFI should take into account limitations placed on Medicaid programs. Responses should also include specific implementation experience of recommended strategies with other payers, especially other public payers.

The following attributes of the Wisconsin Medicaid pharmacy program should be considered:

- Wisconsin's pharmacy benefit is provided as a "carve out" from the HMO benefit. National Drug Codes (NDCs) and Health Care Procedure Coding System (HCPCS) (J-codes) drugs billed on professional claims (CMS 1500 or 837) are paid Fee for Service (FFS). The exception is Synagis, which is provided through the HMO benefit.
- NDCs are required to be included on HCPCS claims to ensure that DHCAA can claim federal drug rebates. Solutions must ensure that Wisconsin can collect federal rebate dollars associated with specialty drugs.
- Some specialty classes are included on the ForwardHealth Preferred Drug List so that the Department can collect supplemental drug rebates. Wisconsin participates in a multi-state purchasing pool, TOP\$, which negotiates these supplemental rebates. The most current version of the Preferred Drug List (PDL) can be found on the ForwardHealth pharmacy portal.
<https://www.forwardhealth.wi.gov/WIPortal/Tab/42/icscontent/provider/medicaid/pharmacy/resources.htm.spage>.
- Certain specialty products are subject to specialty pricing (see portal page for list of specialty drugs), which is an additional discount from standard pricing. See provider update 2011-54 for a description of ForwardHealth system of outpatient pharmacy standard pricing: <https://www.forwardhealth.wi.gov/kw/pdf/2011-54.pdf>.
- Prior authorization requirements vary by service:
 - ForwardHealth has some Prior Authorization (PA) and Specialized Transmission Approval Technology-Prior Authorization (Stat PA) requirements for NDCs
 - ForwardHealth does not have PA policies created for physician-administered drugs. Certain codes have diagnosis restrictions, which can be found here: https://www.forwardhealth.wi.gov/WIPortal/Tab/42/icscontent/provider/medicaid/physician/data_tables/index.htm.spage
 - The Pharmacy Examining Board governs the practice of pharmacy in the State. State statute can be found here: <https://docs.legis.wisconsin.gov/statutes/statutes/450.pdf>
 - State Statute chapter 49 governs the Medicaid program and can be found here: <https://docs.legis.wisconsin.gov/statutes/statutes/49.pdf>
- As part of our quality improvement efforts, WI is interested in payment reform models (health homes, bundled payments) that utilize health information technology solutions.

RESPONSES

Responses may be submitted electronically (preferred) in either Microsoft Office or PDF formats, or in writing. Written responses should be typed and submitted on 8.5 by 11 inch paper. Responses are not limited in size; however, responses should be tailored to the specific approaches/options presented. Marketing materials and brochures may be submitted as supplemental information, but marketing materials and brochures are not in themselves considered a response to this RFI and will not be reviewed as such.

All responses must include the following:

- Executive Summary – 1 to 2 page summary outlining the recommended approaches and options, including respondent's experience in implementing and measuring effectiveness of strategy.
- For each approach/option provide the following based on Wisconsin's specific utilization:
 - Overview of approach/option.
 - High level implementation plan delineating tasks, responsibilities, and general timeframe for completion based on prior experience.
 - Projected savings and timeline to realize savings.
 - Assumptions and risks associated with approach/option and ultimate success in achieving projected savings.
- List of current/former clients that have adopted respondent's approach/option and actual experience to date.

Respondents must request a DUA by July 18, 2012. A completed DUA must be returned to the Department by August 1, 2012. DHCAA will provide the respondent with the utilization extract no later than August 17, 2012. Responses will be due by 4:30 pm Central Time, September 28, 2012 to the RFI contact listed on page six, RFI CONTACT INFORMATION.

All responses to this RFI will be subject to open records disclosure, except for certain portions which may be designated as confidential and proprietary. Please review Form DOA-3027: Designation of Confidential and Proprietary Information (attached). This form must be used to designate any material as trade secret as provided in s. 19.36(5), Wis. Stats, including any material distributed during the presentation.

RESPONDENTS MUST NOTE: This RFI is not a solicitation for proposals, bids, or services, nor does it represent any other formal procurement device. The Department at its sole discretion may elect to conduct a formal solicitation based upon, among other factors, the information received in response to this RFI.

RFI CONTACT INFORMATION

For questions regarding this RFI and to make arrangements to obtain the claims data and a DUA, please contact in writing (email is acceptable). To request a DUA via email, put "DUA request" in the subject line of the email.

Pamela S. Appleby
Division of Health Care Access and Accountability
Wisconsin Department of Health Services
1 W. Wilson St, Room 350
P. O. Box 309
Madison, WI 53701-0309

Ph: 608-261-9423
pamela.appleby@dhs.wisconsin.gov

DESIGNATION OF CONFIDENTIAL AND PROPRIETARY INFORMATION

The attached material submitted in response to Request for Information #_____ includes proprietary and confidential information which qualifies as a trade secret, as provided in s. 19.36(5), Wis. Stats., or is otherwise material that can be kept confidential under the Wisconsin Open Records Law. As such, we ask that certain pages, as indicated below, of this bid/proposal response be treated as confidential material and not be released without our written approval.

Prices always become public information when bids/proposals are opened, and therefore cannot be kept confidential.

Other information cannot be kept confidential unless it is a trade secret. Trade secret is defined in s. 134.90(1)(c), Wis. Stats. as follows: "Trade secret" means information, including a formula, pattern, compilation, program, device, method, technique or process to which all of the following apply:

1. The information derives independent economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by, other persons who can obtain economic value from its disclosure or use.
2. The information is the subject of efforts to maintain its secrecy that are reasonable under the circumstances.

We request that the following pages not be released

Section	Page #	Topic

IN THE EVENT THE DESIGNATION OF CONFIDENTIALITY OF THIS INFORMATION IS CHALLENGED, THE UNDERSIGNED HEREBY AGREES TO PROVIDE LEGAL COUNSEL OR OTHER NECESSARY ASSISTANCE TO DEFEND THE DESIGNATION OF CONFIDENTIALITY AND AGREES TO HOLD THE STATE HARMLESS FOR ANY COSTS OR DAMAGES ARISING OUT OF THE STATE'S AGREEING TO WITHHOLD THE MATERIALS.

Failure to include this form in the bid/proposal response may mean that all information provided as part of the bid/proposal response will be open to examination and copying. The state considers other markings of confidential in the bid/proposal document to be insufficient. The undersigned agrees to hold the state harmless for any damages arising out of the release of any materials unless they are specifically identified above.

Company Name

Authorized Representative

Signature

Authorized Representative

Type or Print

Date

This document can be made available in accessible formats to qualified individuals with disabilities.